

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re: : **Chapter 11**
:
SEARS HOLDINGS CORPORATION, et al., : **Case No. 18-23538 (RDD)**
:
Debtors.¹ : **(Jointly Administered)**
:
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**SECOND SUPPLEMENTAL DECLARATION OF
PAULINE K. MORGAN IN SUPPORT OF DEBTORS' APPLICATION
FOR AN ORDER AUTHORIZING THE RETENTION AND EMPLOYMENT OF
YOUNG CONAWAY STARGATT & TAYLOR, LLP AS CONFLICTS COUNSEL
FOR THE DEBTORS AND DEBTORS IN POSSESSION,
NUNC PRO TUNC TO THE PETITION DATE**

PAULINE K. MORGAN makes this supplemental declaration under 28 U.S.C. § 1746:

1. I am a partner in the firm Young Conaway Stargatt & Taylor, LLP (“**Young Conaway**” or the “**Firm**”), which has an office located at Rockefeller Center, 1270 Avenue of

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are as follows: Sears Holdings Corporation (0798); Kmart Holding Corporation (3116); Kmart Operations LLC (6546); Sears Operations LLC (4331); Sears, Roebuck and Co. (0680); ServiceLive Inc. (6774); A&E Factory Service, LLC (6695); A&E Home Delivery, LLC (0205); A&E Lawn & Garden, LLC (5028); A&E Signature Service, LLC (0204); FBA Holdings Inc. (6537); Innovel Solutions, Inc. (7180); Kmart Corporation (9500); MaxServ, Inc. (7626); Private Brands, Ltd. (4022); Sears Development Co. (6028); Sears Holdings Management Corporation (2148); Sears Home & Business Franchises, Inc. (6742); Sears Home Improvement Products, Inc. (8591); Sears Insurance Services, L.L.C. (7182); Sears Procurement Services, Inc. (2859); Sears Protection Company (1250); Sears Protection Company (PR) Inc. (4861); Sears Roebuck Acceptance Corp. (0535); Sears, Roebuck de Puerto Rico, Inc. (3626); SYW Relay LLC (1870); Wally Labs LLC (None); Big Beaver of Florida Development, LLC (None); California Builder Appliances, Inc. (6327); Florida Builder Appliances, Inc. (9133); KBL Holding Inc. (1295); KLC, Inc. (0839); Kmart of Michigan, Inc. (1696); Kmart of Washington LLC (8898); Kmart Stores of Illinois LLC (8897); Kmart Stores of Texas LLC (8915); MyGofer LLC (5531); Sears Brands Business Unit Corporation (4658); Sears Holdings Publishing Company, LLC. (5554); Sears Protection Company (Florida), L.L.C. (4239); SHC Desert Springs, LLC (None); SOE, Inc. (9616); StarWest, LLC (5379); STI Merchandising, Inc. (0188); Troy Coolidge No. 13, LLC (None); BlueLight.com, Inc. (7034); Sears Brands, L.L.C. (4664); Sears Buying Services, Inc. (6533); Kmart.com LLC (9022); SHC Licensed Business LLC (3718); SHC Promotions LLC (9626); and Sears Brands Management Corporation (5365). The location of the Debtors’ corporate headquarters is 3333 Beverly Road, Hoffman Estates, Illinois 60179.

the Americas, Suite 2210, New York, New York 10020 and additional offices located in the state of Delaware. I submit this second supplemental declaration (the “**Second Supplemental Declaration**”) in support of the *Debtors’ Application for an Order Authorizing the Retention and Employment of Young Conaway Stargatt & Taylor LLP as Conflicts Counsel for the Debtors and Debtors in Possession, Nunc Pro Tunc to the Petition Date* [Docket No. 419] (the “**Application**”).² The Application was accompanied by a declaration (the “**Initial Declaration**”), sworn to and executed by me, containing disclosures and representations under section 327(a) of the Bankruptcy Code and Bankruptcy Rules 2014(a) and 2016. Shortly thereafter, I submitted the first supplemental declaration [Docket No. 651] (the “**First Supplemental Declaration**”) to disclose additional relationships of Young Conaway as they came to my attention.

2. Neither I, Young Conaway, nor any partner, counsel or associate thereof, insofar as I have been able to ascertain, has any connection with the above-captioned Debtors, their creditors, or any other parties in interest, and the United States Trustee or any person employed in the office of the United States Trustee, except as stated in the Initial Declaration, the First Supplemental Declaration, or this Second Supplemental Declaration.

3. As stated in the Initial Declaration and the First Supplemental Declaration, Young Conaway conducted a series of searches in the firm’s conflicts databases to identify relationships with the Debtors, their lenders, equity holders, and various other parties in interest in these cases (collectively, the “**Interested Parties**”). Given the sheer number of the Interested Parties, Young Conaway’s review was ongoing as of the date of the Initial Declaration and the First Supplemental Declaration. Young Conaway has completed its review of the relationships

² Capitalized terms used, but not otherwise defined herein, have the meanings ascribed to them in the Application.

identified with respect to the initial list of Interested Parties that it received. Young Conaway will continue to supplement its disclosures with respect to the initial Interested Parties and any additional Interested Parties that are identified to Young Conaway as warranted.

4. This Second Supplemental Declaration (i) discloses additional relationships of Young Conaway that have come to my attention since the First Supplemental Declaration was filed, and (ii) discloses adjustments made to the Firm's standard hourly rates.

5. As demonstrated herein, Young Conaway remains disinterested within the meaning of section 101(14) of the Bankruptcy Code, and neither holds nor represents any interest adverse to the Debtors other than as described below:

(a) Young Conaway currently represents (and may in the past have represented)³ the following Interested Parties or parties who may be affiliated with such Interested Parties in matters that are wholly unrelated to the Debtors or the Chapter 11 Cases:

- Black Box Corporation
- Global Design Concepts Inc.
- Goodman Properties/PA
- Huawei Technologies Co., Ltd.
- Safeway Inc.
- Select International
- Selective Insurance Company
- Sentry Health Finance Corporation
- Sidley Austin LLP
- Snap Inc.
- Source Interlink
- Stephen Gould Corp-573386
- Sunoco, Inc.

³ As used herein, the term "currently" means an entity listed as a client, or related to a client, in Young Conaway's conflicts search system where that matter was reported as open. However, in some instances, the matter has concluded but is not yet reported as closed in the Firm's conflicts search system. As used herein, the term "in the past" means any entity listed as a client, or related to a client, on the Young Conaway conflicts search system where a matter existed but is reported as having been closed within the last two years. Whether an actual client relationship exists can only be determined by reference to the documents governing Young Conaway's representation rather than its potential listing in Young Conaway's conflicts search system. The list above may be over-inclusive for disclosure purposes.

- Sun-Times Media Group
- Sutherland Asbill & Brennan
- Teva Pharmaceutical Industries
- Times Media Group
- Times Newspapers Inc. Gatehouse
- Travelers Insurance
- UBS Inc.
- United States Gypsum Company
- United Technologies Corporation
- URS Corporation Southern
- Valassis Direct Mail
- Valassis Inc.
- Van Ness Plastic Molding Co. Inc.
- Venable LLP
- VMware
- Walmart Corporation
- Washington Post
- Wells Fargo
- Whirlpool Corporation
- Zenith Products Corporation

(b) Young Conaway may have in the past represented the following Interested Parties or parties who may be affiliated with such Interested Parties in matters that are wholly unrelated to the Debtors or the Chapter 11 Cases:

- Safety-Kleen Systems
- SBD Holdings Group Corp.
- Seritage Growth Properties, Inc.
- Sony Pictures Home Entertainment
- Sunbelt Rentals
- Tristate Fre II GP, LLC
- US Nonwovens Corp.
- Yahoo Inc.

6. Young Conaway will supplement its disclosures with respect to the Interested Parties whenever warranted.

7. Young Conaway has amended its standard hourly rates, and effective January 1, 2019, the rates for the professionals primarily responsible for representing the Debtors are as follows:

	Years in Practice	2019 Rate
Pauline K. Morgan (Partner)	31 years	\$975 per hour
Rolin P. Bissell (Partner)	32 years	\$975 per hour
Ryan M. Bartley (Partner)	11 years	\$625 per hour
Travis G. Buchanan (Associate)	7 years	\$530 per hour
James M. Deal (Associate)	1 year	\$385 per hour
Jared W. Kochenash (Associate)	< 1 year	\$325 per hour

8. The hourly rates set forth above are the Firm's standard hourly rates for work of this nature and are subject to periodic adjustments to reflect economic and other conditions. These rates are set at a level designed to compensate fairly the Firm for the work of its attorneys and paralegals and to cover fixed and routine overhead expenses.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge and belief.

Dated: January 23, 2019

/s/ Pauline K. Morgan
Pauline K. Morgan